

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

July 16, 2003

IN RE:

PETITION OF GLOBAL CROSSING LTD (DEBTOR-IN-  
POSSESSION) AND GC ACQUISITION LIMITED FOR  
APPROVAL OF THE TRANSFER OF CONTROL OF  
GLOBAL CROSSING LTD'S TENNESSEE OPERATING  
SUBSIDIARIES TO GC ACQUISITION LIMITED

DOCKET NO.  
02-01040

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ORDER APPROVING TRANSFER OF AUTHORITY

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This matter came before Chairman Deborah Taylor Tate, Director Pat Miller, and Director Sara Kyle of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on July 7, 2003 for consideration of the *Notification* filed by Global Crossing, Ltd (Debtor-in-Possession) ("GCL") and GC Acquisition Limited ("GCAL") (together "Petitioners") to update and obtain the approval of the TRA on a proposed change to a previously-approved transaction.

**Statutory Framework**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain TRA approval to transfer its authority to provide utility services (also known as a "certificate of public convenience and necessity" or "CCN"). Tenn. Code Ann. § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) includes the standards by which the TRA shall consider an

application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **Background**

On December 2, 2002, the TRA approved a transaction intended to facilitate the reorganization of GCL and its Tennessee operating subsidiaries under Chapter 11 of the United States Bankruptcy Code and Bermuda insolvency law. Pursuant to the proposed transaction, GCL's assets and operations, including its ownership interests in the Tennessee operating subsidiaries, would be indirectly transferred to GCAL, a newly-formed company organized under the laws of Bermuda for the purpose of carrying out the proposed transaction. Hutchison Telecommunications Limited ("Hutchison") and Singapore Technologies Telemedia Pte Ltd ("STT") would then each invest \$125 million in GCAL in exchange for 30.75% of GCAL's equity and voting power. Creditors of GCL and its debtor subsidiaries would obtain 38.5% of GCAL's equity and voting power. Upon consummation of the proposed transaction, GCL would relinquish all of its equity and voting power in GCAL, which would then become the new ultimate parent of GCL's Tennessee operating subsidiaries.

### **The Notification**

On May 16, 2003, the Petitioners notified the TRA of a proposed change in the previously-approved transaction. According to the *Notification*, Hutchison has decided not to invest in GCAL. To make up this unexpected deficiency, STT has agreed to increase its investment to \$250 million in exchange for the additional 30.75% of GCAL's equity and voting power, making STT the majority shareholder of GCAL at 61.5%.

The Petitioners maintain that, notwithstanding this modification, the proposed transaction continues to be in the public interest. As mentioned in the previously-filed petition, STT is a Singapore telecommunications and information technologies company. Through its subsidiaries, STT provides fixed and mobile telecommunications, data, and internet services, telephone equipment distribution, managed hosting, teleport, broadband cable and video, and e-business software development services in Singapore. It is anticipated that STT's investment in GCAL will strengthen the financial and competitive position of the company and enable it to emerge from its bankruptcy a stronger and more viable competitor. The proposed transaction is not expected to affect the day-to-day operations of GCL's Tennessee operating subsidiaries and will be transparent to its customers in Tennessee.

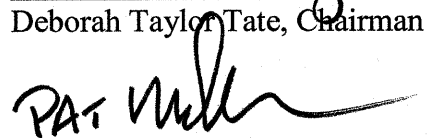
**The July 7, 2003 Authority Conference**

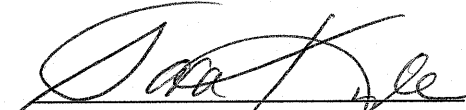
At the July 7, 2003 Authority Conference, the Directors found that the proposed transaction involved only an internal reorganization of the company, would not interrupt service to Tennessee customers, and would continue to provide competition in Tennessee and, therefore, voted unanimously to approve the proposed modification of the previously-approved transaction.

**IT IS THEREFORE ORDERED THAT:**

The proposed modification of the previously-approved transaction as described in the *Notification* and as set forth herein is approved.

  
Deborah Taylor Tate, Chairman

  
Pat Miller, Director

  
Sara Kyle, Director